

CUNA Minnesota
**MEMBERSHIP BENEFITS
REPORT**

Minnesota

The Benefits of Membership

Credit unions generally provide financial benefits to members through lower loan rates, high savings rates, and fewer fees than banking institutions.

The Credit Union National Association (CUNA) estimates that Minnesota credit unions provided \$139,058,123 in direct financial benefits to the state's 1,768,653 members during the twelve months ending December 2018.

These benefits are equivalent to \$79 per member or \$165 per member household ⁽¹⁾.

Estimated total benefits of credit union membership are calculated by accounting for differences in credit union and bank pricing. Specifically, average credit union savings account yields, loan interest rates and fees are compared to average bank savings account yields, loan interest rates and fees. The interest rate differences are then applied to respective average credit union loan and savings balances. Fee differences are weighted and applied to credit union non-interest income to obtain the total estimated benefits arising from fees.

The per-member and per-household benefits delivered by Minnesota credit unions are substantial, but these benefits are averages. Mathematically, that means the total benefits provided are divided across all members (or all member households) - even those who conduct very little financial business with Minnesota credit unions.

Consider this:

Financing a \$25,000 new automobile for 60 months at a Minnesota credit union will save members an average \$188 per year in interest expense compared to what they would pay at a banking institution in the state.

Further, loyal members - those who use the credit union extensively - often receive total financial benefits that are much greater than the average.

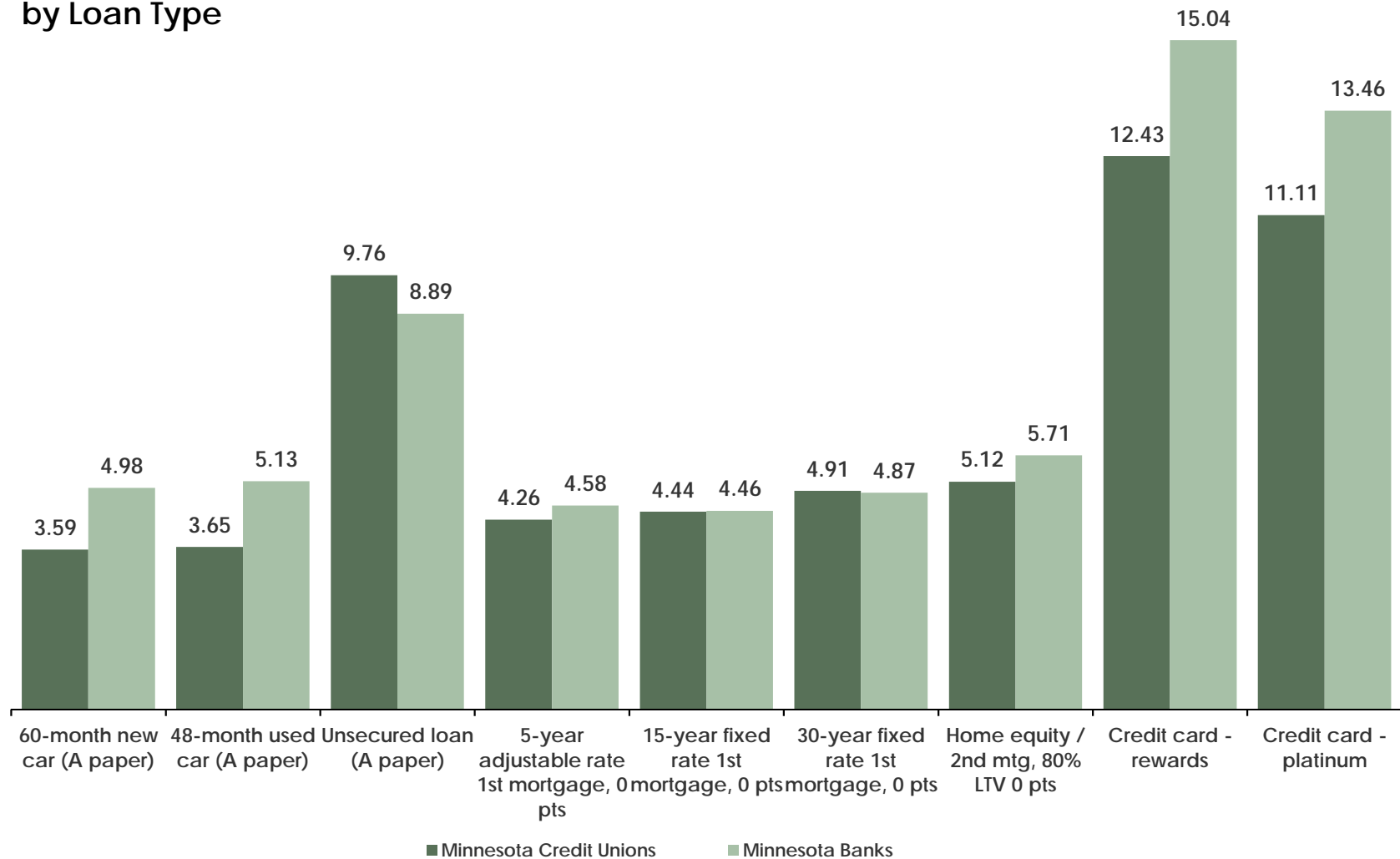
Minnesota credit unions excel in providing member benefits on many loan and savings products. In particular, Minnesota credit unions offer lower average loan rates on the following accounts: new car loans, used car loans, first mortgage-adjustable rate, home equity loans, credit cards loans.

Minnesota credit unions also pay members higher average dividends on the following accounts: regular savings, money market accounts, certificate accounts, IRAs.



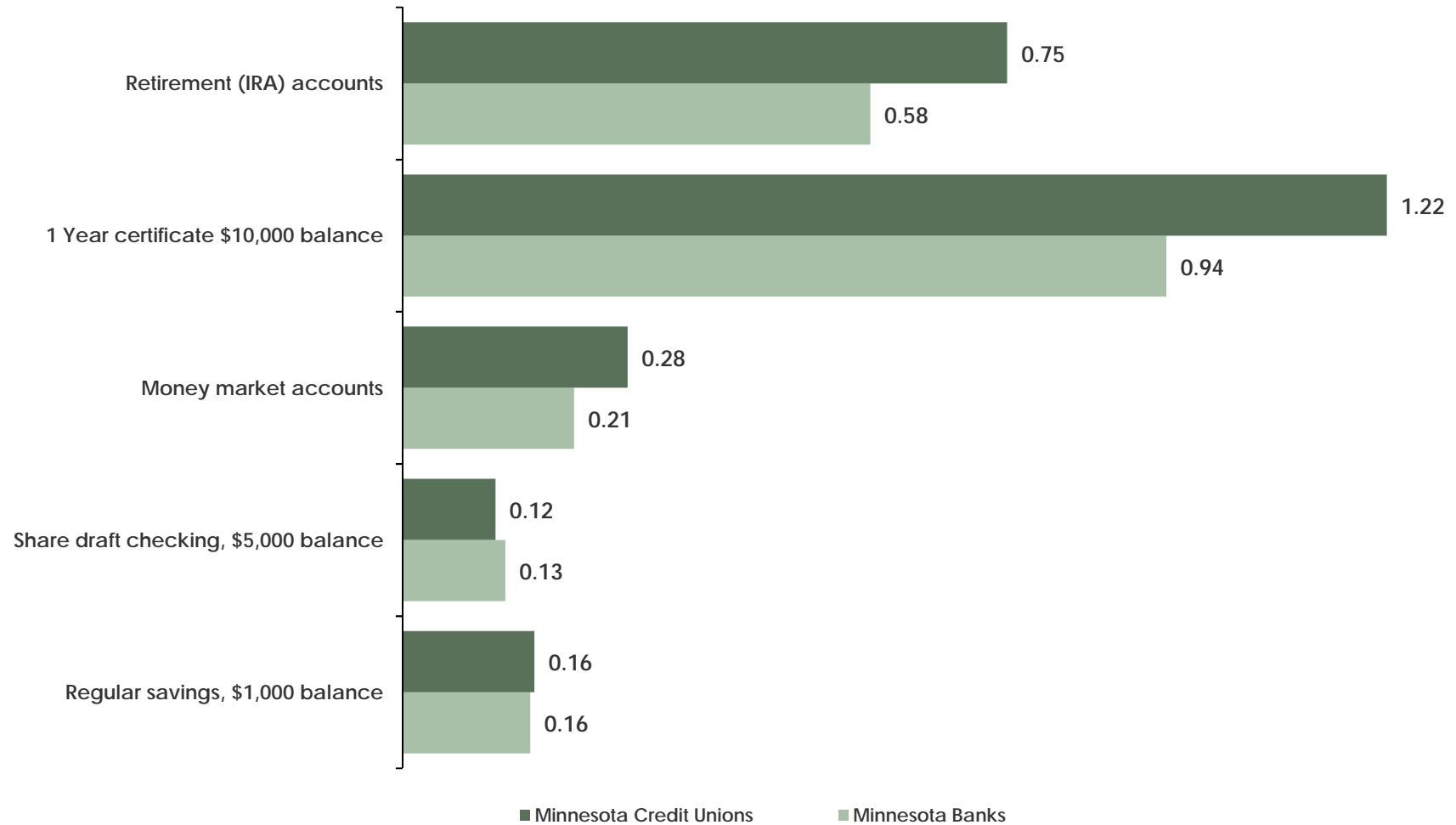
Loan Product Comparative Interest Rates (%)

by Loan Type



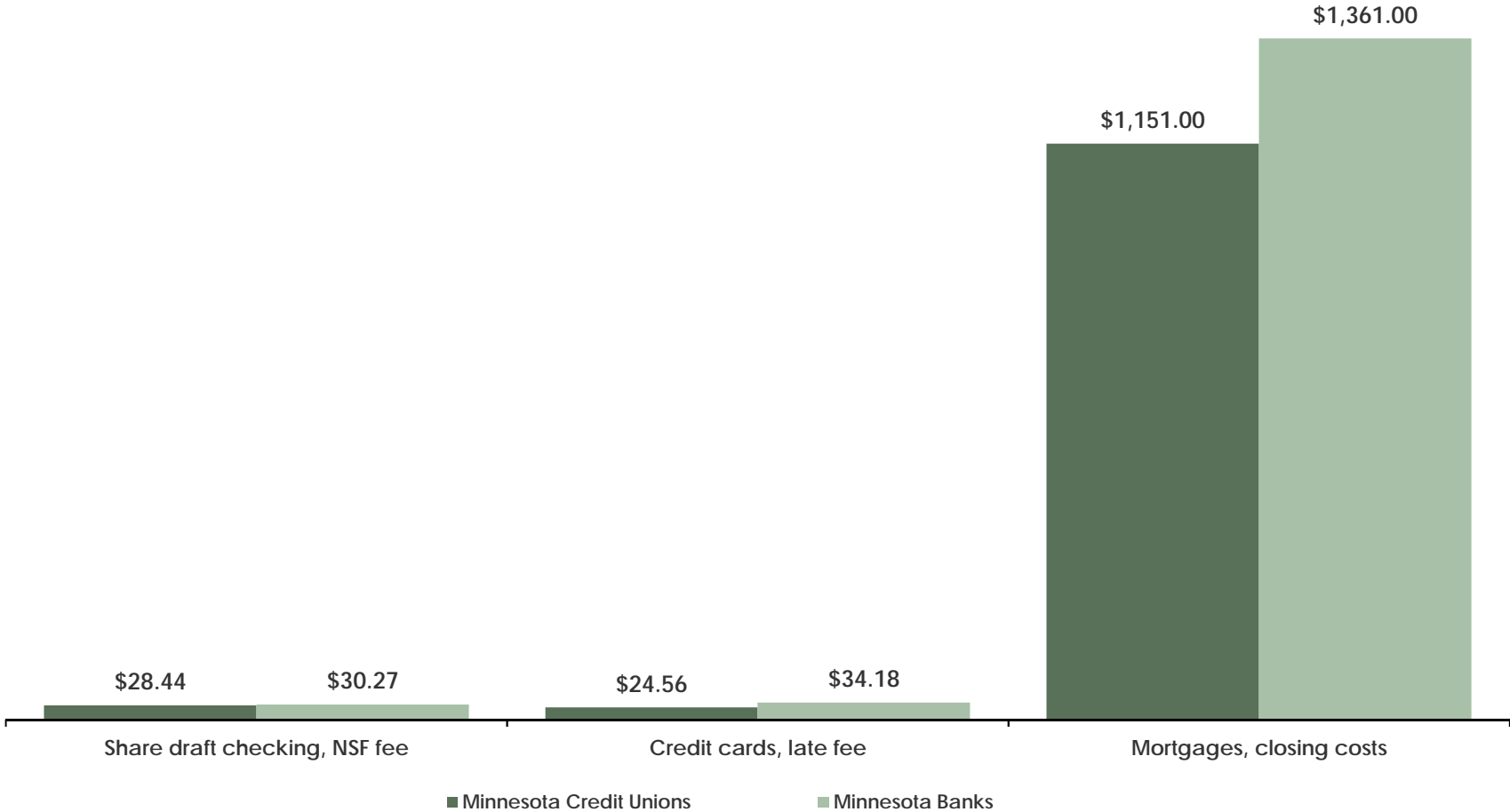
Savings Product Comparative Interest Rates (%)

by Savings Account Type



Comparative Fees

by Type



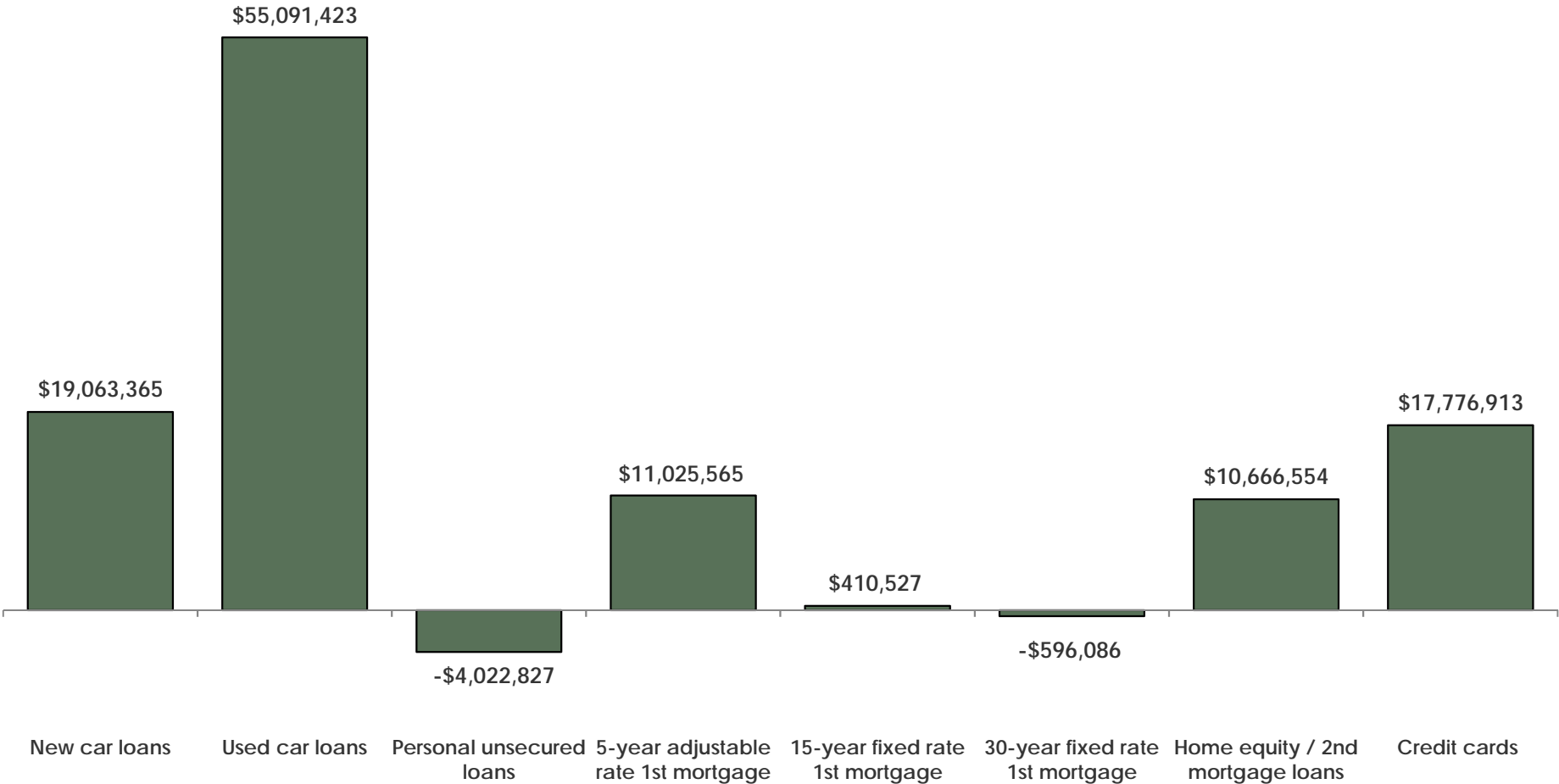
Minnesota Credit Union and Banking Institution December 2018 Average Interest Rates and Fees

Loan Products	Average Rate at Credit Unions (%)	Average Rate at Banks (%)	Rate Difference vs. Banks (%)
60-month new car (A paper)	3.59	4.98	-1.39
48-month used car (A paper)	3.65	5.13	-1.48
Unsecured loan (A paper)	9.76	8.89	0.86
5-year adjustable rate 1st mortgage, 0 pts	4.26	4.58	-0.32
15-year fixed rate 1st mortgage, 0 pts	4.44	4.46	-0.02
30-year fixed rate 1st mortgage, 0 pts	4.91	4.87	0.04
Home equity / 2nd mtg, 80% LTV 0 pts	5.12	5.71	-0.60
Credit card - rewards	12.43	15.04	-2.61
Credit card - platinum	11.11	13.46	-2.35
Savings Products			
Regular savings, \$1,000 balance	0.16	0.16	0.01
Share draft checking, \$5,000 balance	0.12	0.13	-0.01
Money market accounts	0.28	0.21	0.07
1 Year certificate \$10,000 balance	1.22	0.94	0.27
Retirement (IRA) accounts	0.75	0.58	0.17
Fee Income			
Share draft checking, NSF fee	\$28.44	\$30.27	-\$1.83
Credit cards, late fee	\$24.56	\$34.18	-\$9.62
Mortgages, closing costs	\$1,151.00	\$1,361.00	-\$210.00

Source: Datatrac

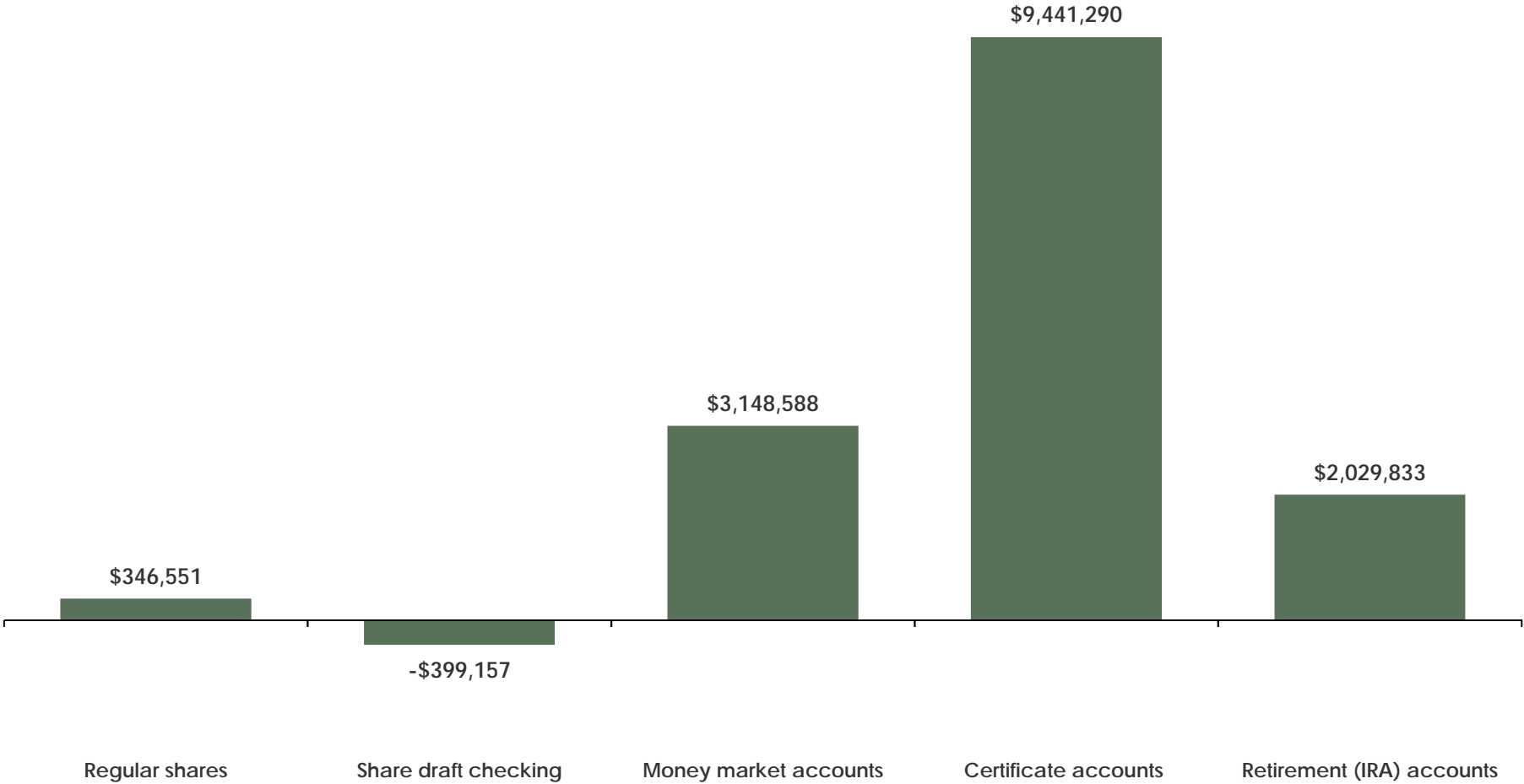
State Credit Union's Total Loan Rate Benefits

Compared to State Banking Institutions
by Loan Type



State Credit Union's Total Savings Dividend Benefits

Compared to State Banking Institutions
by Account Type



Estimated Financial Benefits for Minnesota Credit Unions December 2018

Loans	Avg. Balance at Credit Unions (1)	Rate Difference vs. Minnesota Banks (%) (2)	Total Financial Benefit to Your Members
New car loans	1,375,423,125	-1.39	\$19,063,365
Used car loans	3,724,910,288	-1.48	\$55,091,423
Personal unsecured loans	466,685,262	0.86	-\$4,022,827
5-year adjustable rate 1st mortgage	3,402,952,191	-0.32	\$11,025,565
15-year fixed rate 1st mortgage	1,866,029,916	-0.02	\$410,527
30-year fixed rate 1st mortgage	1,568,648,521	0.04	-\$596,086
Home equity / 2nd mortgage loans	1,792,698,092	-0.60	\$10,666,554
Credit cards	699,327,832	-2.61	\$17,776,913
Interest rebates			\$253,240
Total CU member benefits arising from lower interest rates on loan products:			\$109,668,673
<i>Savings</i>			
Regular shares	6,931,022,460	0.01	\$346,551
Share draft checking	3,326,311,185	-0.01	-\$399,157
Money market accounts	4,770,588,177	0.07	\$3,148,588
Certificate accounts	3,471,062,631	0.27	\$9,441,290
Retirement (IRA) accounts	1,201,084,520	0.17	\$2,029,833
Bonus dividends in period			\$0
Total CU member benefit arising from higher interest rates on savings products:			\$14,567,105
<i>Fee Income</i>			
Total CU member benefit arising from fewer / lower fees:			\$14,822,345
Total CU member benefit arising from interest rates on loans, savings products and lower fees:			\$139,058,123
Total CU member benefit / member:			\$79
Total CU member benefit / member household:			\$165

Source: Datatrac, NCUA, and CUNA

(1) Average balance as of December 2018 and December 2017, according to the NCUA call report.; (2) Source for rates and fees: Datatrac;

Membership Benefits Report

CUNA Economics and Statistics

Minnesota Credit Union Performance Profile

Demographic Information	Dec 18	Dec 17
Number of branches	402	390
Total assets (\$ mil)	23,967	22,461
Total loans (\$ mil)	17,568	15,789
Total surplus funds (\$ mil)	5,227	5,573
Total savings (\$ mil)	20,530	19,489
Total members (thousands)	1,806	1,743
Growth Rates (Trailing 12 months) *		
Total assets	7.1 %	5.9 %
Total loans	11.6 %	11.6 %
Total surplus funds	-5.7 %	-8.9 %
Total savings	5.7 %	5.8 %
Total members	4.3 %	4.4 %
Earnings - Basis Pts. *		
Yield on total assets	360	339
Dividend / interest cost of assets	50	40
Fee & other income	133	129
Operating expense	326	318
Loss Provisions	20	19
Net Income (ROA) after stabilization exp	98	92
Capital Adequacy		
Net worth / assets	11.6	11.4
Asset Quality *		
Delinquencies / loans	0.4	0.5
Net chargeoffs / average loans	0.3	0.3
Total borrower-bankruptcies	22	19
Bankruptcies per 1000 members	1.3	1.2
Asset/Liability Management		
Loans / savings	85.6	81.0
Loans / assets	73.3	70.3
Long-term assets / assets	35.9	35.9
Core deposits/shares & borrowings	51.3	51.2
Productivity		
Members / potential members	3.4	3.7
Borrowers / members	64.4	63.3
Members / FTE	360	360
Average shares / members (\$)	11,367	11,184
Average loan balances (\$)	15,097	14,309
Salary & Benefits / FTE	77,418	73,637

* Earnings, net chargeoffs, and bankruptcies are year-to-date numbers annualized. Due to significant seasonal variation, balance sheet growth rates are for the trailing 12 months.